In God we Trust

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Perhaps the seminal article on strategy was written by Michael Porter in 1996, entitled 'What is Strategy?'[1]. Porter notes that strategy is about performing activities and tasks that are different than your competitors and, more importantly, being able to preserve that difference (i.e. a sustainable competitive difference). Strategy is not about doing things that are better as Porter opines---that is what we have come to know as organizational effectiveness.

In contrast, strategic positioning means performing *different* activities from rivals' or performing similar activities in *different* ways. Competitive strategy, at its essence, is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.[2]

Another critical element of Porter's perspective on strategy is that "strategic positions should have a horizon of a decade or more, not of a single planning cycle. Continuity fosters improvements in individual activities and the fit across activities, allowing an organization to build unique capabilities and skills tailored to its strategy."

With all this said, the question that I believe is *temporally* critical in the entire equation of strategy more important is this: if two companies both perform different activities than their rivals (or similar activities better) and choose positions over a longer planning horizon ensuring fit with activities, thereby allowing their organizations to build unique skills tailored to their strategy, then why do some companies succeed at 'nailing' their strategy and others don't?

The easy answer to that question would be to suggest that the issue is multifactorial (which is correct actually). The other response would be to point out that the difference between these two organizations really has nothing to do with strategy but, rather, is an execution issue. That, too, is partially correct.

So, the reason that I bring up the 'temporal' urgency or necessity that must be juxtaposed along side the topic of strategy is to underscore the importance of *trust* as the single greatest driver of a successful strategy. That's the reason that some companies (all having followed Porter's brilliant 'manifesto' on strategy) are consistently superb at creating successful strategies. And *trust* begins well before strategy begins. Because the strategic direction of an organization involves the cooperation, effective communication and collaboration of dozens and dozens of front-line-to-senior managers, the element of trust must be present in order for an organization's strategy to take hold.

I have witnessed countless occasions where sales and marketing (the two most important functional areas in the development and execution of any organization's strategy) simply have not trusted that the other 'get' which activities should be performed differently or which completely different activities should be performed at all. When interviewing or speaking with personnel from organizations about the obvious differences, the central theme that keeps recurring is one of trust. Senior marketers complain that they 'don't trust the rep to deliver the message the right way to the right customer target at the right frequency.' And the rep complains incessantly that the marketer doesn't spend any time in the field with him/her to understand the competitive forces at play that create barriers to product adoption and prevent market share gains from being realized.

[1] To read a copy of this article please visit our website where it can be viewed for your reading pleasure.

[2] "What is Strategy?, Michael Porter; Harvard Business Review, Reprint #96608

It would be fair to say that an entirely different paper could be written on how to cultivate and nurture trust within an organization. That is not the goal of this paper. It is important for business leaders to understand the key drivers at play in strategy development and trust is, in my view, the single greatest element of successful corporate strategy. And it appears that this is not a view shared by me alone.[3] Dirks and Ferrin wrote a wonderful paper[4] in which they review the empirical evidence on trust in the workplace spanning 40 years and propose an alternative model which suggests that trust may not only result in direct benefits which impact organizational performance but that 'trust provides the conditions under which certain outcomes, such as cooperation and performance, are likely to occur.'

In their paper for the Harvard Business Review in March of 2001, Druskat & Wolff discuss the factors that are critical for the building of emotional intelligence of groups. The insights gleaned through their research clearly suggest that group (or individual) emotional intelligence is a prerequisite to the building of trust (and a sense of identity and a sense of efficacy among other things). And without trust (as well as a sense of identity and efficacy), breakthrough levels of participation, cooperation and collaboration--which lead to increased creativity and productivity--may be difficult to achieve.

Viewed through this filter and, as mentioned earlier in this article, strategy is the collective output of numerous individuals who all must communicate, collaborate and cooperate together to both decide upon and execute a particular corporate direction. And if you believe that trust is one of the most (if not the most) critical elements that drive positive collaboration, cooperation and communication, then there can rarely be sustained successful strategy without trust in the organization.

To this point I have only discussed trust as it relates to the 'internal-facing' component of overall corporate or brand strategy. An examination of the literature in the public domain that speaks to and underscores the importance of consumer trust is endless. And it can be argued quite persuasively that strategy is as much a function of the trust elements found within an organization (collaboration, cooperation, communication) as it is about external-facing trust. True, the majority of consumers don't know the granular details of any single company's current corporate or brand strategy, but ask any marketer/brand leader/category manager if he/she knew that there was a lack of 'trust' amongst consumers about his/her company's products and/or services, whether that would alter their strategy or, at the

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[3] The Importance of HR practices and Workplace trust in achieving Superior Performance
Julian Gould-Williams
The International Journal of Human Resource Management; Volume 14, Issue 1, 2003;pp 28-54

Trust within Teams: The relation with performance effectiveness
Ana Cristina Costa, Robert A. Roe & Tharsi Taillieu
European Journal of Work and Organizational Psychology; Volume 10, Issue 3, 2001,pp 225-244

Building Commitment, Attachment, and Trust in Strategic Decision-Making Teams: The Role of Procedural Justice
M. Audrey Korsgaard, David M. Schweiger and Harry J. Sapienza
The Academy of Management Journal
Vol. 38, No. 1 (Feb., 1995), pp. 60-84

[4] The Role of Trust in Organizational Settings
Kurt T. Dirks and Donald L. Ferrin
Organization Science
Vol. 12, No. 4 (Jul. - Aug., 2001), pp. 450-467

very least, the manner or method in which the strategy was turned into a 'consumer message.' There is no question about the answer you would get.

While there are numerous factors that contribute to the overall success of any given strategy, it is incumbent upon organizations to ensure that they do not lose sight of the role that trust plays.